Weekly Economic Review

Jobs and housing stampede ahead

Labour Market

Job growth continues to surge

Alberta employment jumped by 9,400 in June, after May's strong gain of 16,400. All the jobs were full-time positions with the construction industry driving growth. Over the last twelve months, Alberta has created 81,800 jobs, up 3.7%. Despite the strong job growth, Alberta's unemployment rate moved higher in June. The rate increased from 4.6% to 4.9% as 17,300 more people joined the labour force.

Canada lost 9,400 jobs in June, with losses concentrated in Ontario (-33,900). Of the remaining nine provinces, seven had job gains. Year-over-year, national job growth was a slim 0.4%, with few jobs added outside of Alberta. The unemployment rate ticked up from 7.0% to 7.1% in June.

Housing starts

Starts jump in June

After a weak May, housing starts in Alberta spiked to 53,699 (SAAR) in June. This was the highest level since March 2008. The increase stemmed almost entirely from the volatile multi-family dwellings segment. Calgary was the principal driver with 28,376 starts, the second-highest on record. The increased starts in Calgary are likely responding to high demand, with completed and unabsorbed multi-family dwellings in the city at historic lows. Edmonton also had a strong showing, with 17,166 starts in June. Year-to-date, housing starts in Alberta are up 10.8%.

Nationally, June housing starts were 198,185, a 2.5% year-over-year (y/y) increase. Alberta accounted for almost all of the year-over-year growth in Canadian housing starts for June.

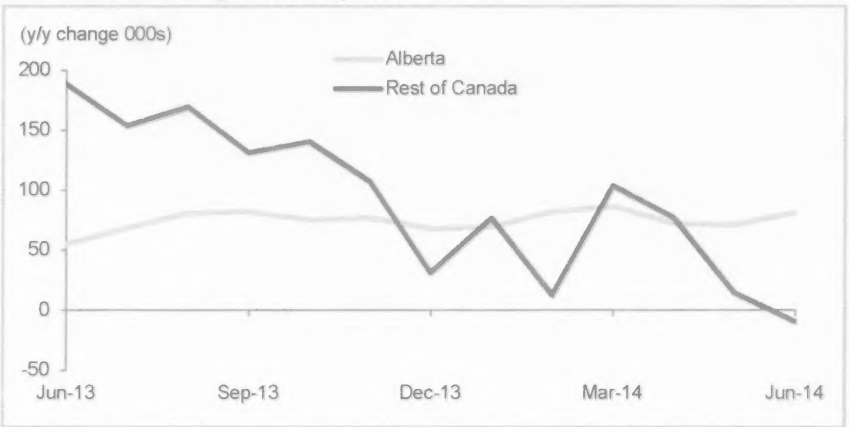
New Housing Price Index

Calgary drives Alberta's prices

The New Housing Price Index (NHPI) for Alberta rose 3.6% y/y in May. The price of land for new housing grew by 2.4% y/y, while excluding the cost of land, new home prices grew by 4.2% y/y. Prices in Calgary continued to move higher with a 7.6% y/y increase, by far the largest growth among major Canadian cities. Edmonton prices have been essentially flat since April 2009.

Chart 1: Alberta is Canada's job growth engine

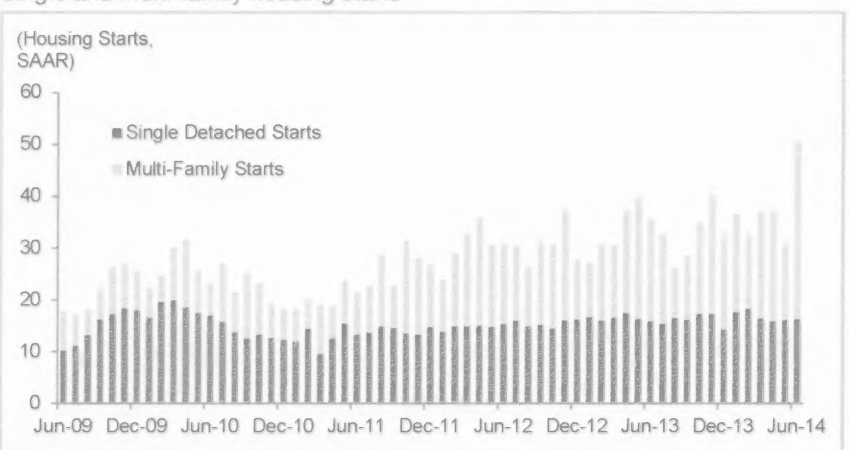
Year-over-year change in employment



Source: Statistics Canada

Chart 2: Multi-family housing starts drive growth

Single and multi-family housing starts



Source: CMHC; SAAR-Seasonally Adjusted at Annual Rate

Building Permits

Growth picks up

Alberta municipalities issued $1.5 billion worth of building permits in May, an increase of 4.4% over May 2013 and 9.8% over April. Non-residential permits spurred the growth, with a 35.7% y/y jump in commercial permits driven by Edmonton and Calgary. Residential permits were down slightly from last year (0.6% y/y), but increased 5.5% from the previous month, with strong growth in the value of apartment permits. Year-to-date, residential permits have grown 9.6%, well above the flat national growth rate.

Chart 3: Alberta's projected population in 2041

Population projection by Census Division, medium-growth scenario

Source: Alberta Treasury Board and Finance

Population Projections

6 million people by 2041

Alberta's population is expected to surpass five million in 2025, and six million in 2038. Net international migration is expected to add 915,000 people to the province, representing 44% of the change in population. The population will also be older, with the median age in Alberta rising to 41 from roughly 36 today. For more details see: *Population Projections*.

Oil and Gas Supply

Natural gas production eases

Alberta production of natural gas grew at a much slower pace in April than in recent months, as prices continued to come down from February highs. Total natural gas production increased 2.3% in April. Utility companies in Alberta and Ontario purchased much of the increase, while exports to the United States decreased 14.5%. The Alberta Reference Price (ARP) for natural gas remained above last April's price following a cold winter and a sharp drawdown in storage. Crude oil production increased 8.6% y/y in April, with growth in crude bitumen (23.3%) and light & medium oil (3.9%), offsetting a small decrease in heavy oil and synthetic crude.

Business Outlook Survey

Business conditions weaken

According to a survey of Canadian firms, the business outlook in the country has deteriorated slightly. Fewer firms expect to increase employment, and expectations about future sales growth has moderated. Inflation is expected to remain low, with a substantial majority of firms expecting price growth below two per cent.

Contact

Mark Walker 780.415.0825

Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.